



The MHS Capital Investment Decision Model

***Transforming the Decision-Making
Process***

Tri-Service Symposium, Boston, MA

13 July 2006





WHY AM I HERE?



The MHS Capital Investment Decision Model (CIDM)

- What is CIDM?
- Why do it?
- Is there a relationship to the MHS Strategic Plan & QDR 8?
- What have we accomplished so far?
- How does CIDM work?
- Where are we in the process?
- How will we implement CIDM?
- What are the benefits?



WHAT IS CIDM?

■ **Structured decision making that employs the Analytical Hierarchy Process (AHP)**

- ❖ Allows for structuring a decision into smaller parts, proceeding from the goal to objectives down to the alternative courses of action
- ❖ Employs pairwise comparison judgments throughout the hierarchy to arrive at overall priorities for the alternatives
- ❖ The decision problem can involve qualitative and quantitative factors
- ❖ Allows for the consideration of a range of criteria across an organization's goals and objectives
- ❖ Provides for an optimization functions as well as provision for policy constraints
- ❖ Supported by COTS software



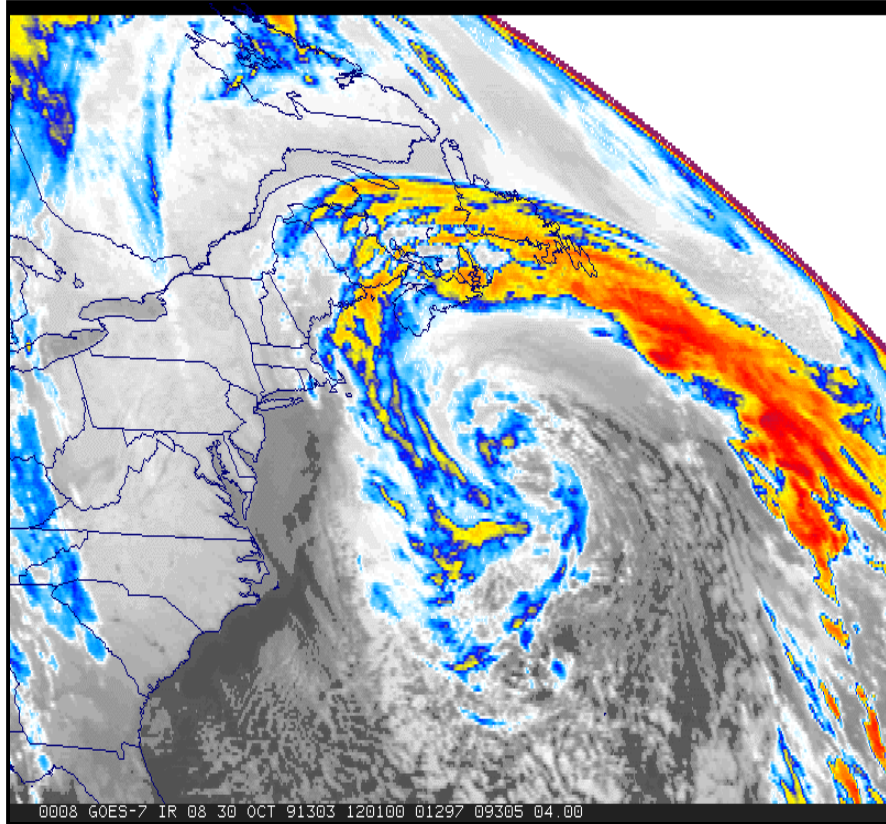
WHY DO IT?

- a. OMB wants us to
- b. It works for VA
- c. It's the right thing to do for the MHS
- d. All of the above
- e. None of the above



OMB WAKEUP CALL

PBD 726 and the FY05 Program



- We lost money, projects, and scope in PBD 726
- We could not make succinct and compelling arguments that the FY05 program represented good investments for the MHS.

What's obvious and compelling to you may not be to others.



FINDINGS OF THE 1986 BLUE RIBBON PANEL

***Create an office to centrally plan,
~~program, and budget medical facilities~~***

Issues Resolved

- ❖ No consistent functional and design criteria across Services
- ❖ Construction cost variation
- ❖ Medical projects not comparable
- ❖ Consistent cost models
- ❖ Central Management
- ❖ Centralized Advocacy
- ❖ MILCON based only

Issues Still Pending

- ❖ No coherent method to define priorities and select projects for recommended funding
- ❖ Inconsistent planning assumptions
- ❖ Lack consistent programmatic ability to prioritize capital projects



WHY DO IT (cont)?

CIDM Helps in Many Ways

- **Expedites planning/acquisition timeline**
 - ❖ Simplify and standardize project planning
- **Articulates real MILCON requirements beyond current TOA**
 - ❖ Supports programming of most critical needs of MHS
- **Provides a logical and consistent rationale for selecting projects**
 - ❖ Allows us to articulate what is important and why
- **Ensures inclusiveness and transparency of decision making**
 - ❖ Engages clinical operators and resource managers
 - ❖ Incorporates executive review by the SMMAC
- **Supports QDR transformation initiatives**
 - ❖ Links to strategic and business planning



WHAT HAVE WE ACCOMPLISHED SO FAR?

- Conducted extensive research
- Selected software and model
- Received ASD(HA) guidance and resources
- Developed, weighted, and scaled criteria
- Conducted “Top Ten” exercise
- Refined criteria
- Developed draft implementation guide
- Established QDR 8 IPT from HFSC Planning Subcommittee
- Obtained funding for site license and additional consulting



IS THERE A RELATIONSHIP TO MHS STRATEGY?

Balanced Scorecard Mission & Customers

Mission Elements

- Medically ready and protected force and homeland defense for communities
- Deployable Medical Capability
- Manage and deliver the health benefit

MHS Customers

- Combatant Commanders & Service Members
- Beneficiaries
- People of the MHS



IS THERE A RELATIONSHIP TO QDR 8?

Medical Infrastructure Transformation

1. Systematic and strategic approach to provide comprehensive visibility of assets
2. Link facility investments with MHS strategic and business goals and enhance joint operations
3. Transform the MILCON planning, acquisition and recapitalization processes



GOAL 2 OF QDR 8

Link Facility Investments with MHS Strategic/Business Goals & Joint Operations

As Is



To Be

Project focus	To	Market based portfolio focus linked to strategic and business goals
No consistent programmatic ability to prioritize capital projects across the MHS	To	Consistent basis for making capital investments and improved focus for articulating Service investment candidates
Current planning and selection process does not acknowledge dynamic nature of MHS operating environment (GWOT, BRAC, Jointness)	To	Evaluation criteria that supports investments consistent with unique requirements of military medicine
Inconsistent planning assumptions across Services	To	Consistent investment proposal methodology and evaluation



HOW DOES CIDM WORK?

Annual Cycle

1. TMA & Services jointly develop/update evaluation criteria
2. TMA updates CIDM Selection & Proposal Guide
3. Services review business plans
4. Services review strategic guidance
5. Services develop and submit concept papers
6. TMA & Services jointly review concept papers
7. Services develop and submit capital investment proposals
8. Capital Investment Review Board scores proposals
9. SMMAC reviews/approves output
10. TMA submits POM/BES/BCP

And repeat.....

MHS Facilities Capital Facility Development Process



Decision Goal: To Prioritize Capital Investments

1 Build Model

2 Compare Criteria

3 Evaluate Alternatives

4 Allocate Resources

5 Reporting

Build Model Steps

Meeting Preparation

Create Tree-View

Identify Alternatives

Identify Participants

Process Tip

Click each icon in the top window to see a detailed review of each process stage.

Meeting Preparation

← Back Next →

Process Overview

Assumptions

Ground Rules



Process Detail:

Description

When you click an icon the detailed version of what occurs in that step will be displayed here

~ Select a Step to View Detail ~

Decision Goal: To Prioritize MHS Capital Facility Investments for FY-09/10

Build Model

2 Compare Criteria

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Build Model Steps

Meeting Preparation

Create Tree-View

Identify Alternatives

Identify Participants

Process Tip

to build a model, click Add Child to add criteria into the decision model. To click the Brainstorm Criteria List button, add ideas and drag them to the treeview.

Create Tree-View

Brainstorm Criteria List

← Back Next →

Zoom:   Add Peer  Remove

Decision Goal: To Prioritize MHS Capital Facility Investments for FY-09/10

[-] Strategic Alignment

Mission Objectives

Business Plans

[-] Improve Customer Centered Processes

Improve Customer Satisfaction

Functional Modernization/New Services

[-] Improve Efficiency and Effectiveness

Collaborative Synergies

Improve Productivity and Space Utilization to Optimize Performance

Financial Analysis

[-] Improve Infrastructure

Compliance with code and policy directives

Improve Condition

Build Model

2 Compare Criteria

3 Evaluate Alternatives

4 Allocate Resources

5 Reporting

Compare Criteria Steps

- Pairwise Comparison
- Priorities Graph**
- Inconsistency Analysis

Process Tip

Click Sort Descending to sort priorities in descending order. If your inconsistency is greater than .1 click the Inconsistency Analysis button to find areas

- Decision Goal: To ...
- 0.36 Strategic Align ...
- 0.57 Mission (...
- 0.43 Business: ...
- 0.34 Improve Cust ...
- 0.50 Improve i ...
- 0.50 Function: ...
- 0.18 Improve Effici ...
- 0.14 Collabor: ...
- 0.37 Improve I ...
- 0.48 Financial ...

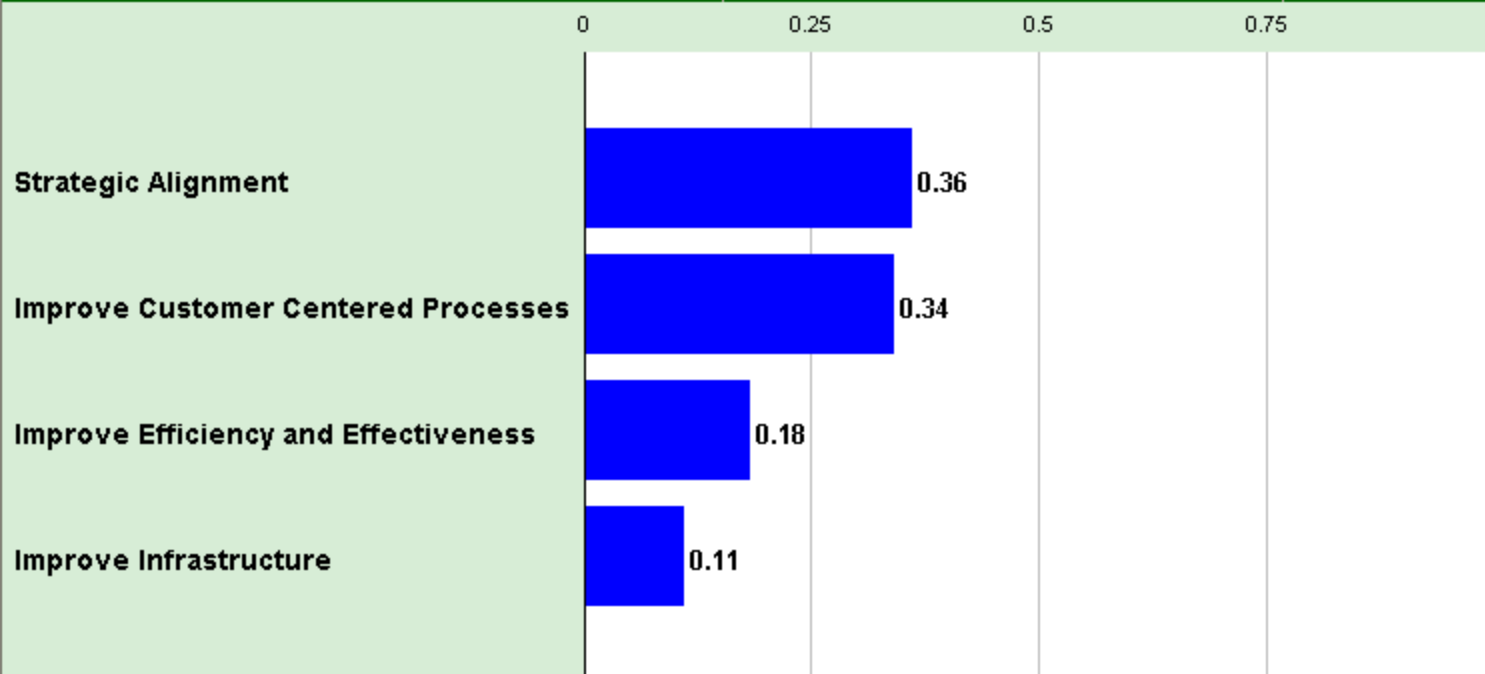
Global Local

Priorities Graph

Current Properties: Group

Back Next

Sort Descending Sort Ascending Original Order Direct



Graph Tree

Current Inconsistency is: 0.039

Decision Goal: To Prioritize Capital Investments

1 Build Model

2 Compare Criteria

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5 Reporting

Evaluate Alternatives Steps

Ratings ScoreSheet

Group Ratings

Analysis

Process Tip

Click the cells under each rating column to enter verbal votes or click the cell by a participant name and type numerical votes. The scale is numerical. Mouse over ratings criteria and

Keyboards Active

Decision Goal: To Prio..

Improve Infrastru..

Improve Conc..

Compliance w..

Improve Quality c..

Functional Mo..

Improve Cust..

Improve Efficiency

Collaborative..

Improve Prod..

Business Cas..

Strategic Alignme..

Mission Objec..

Group Ratings

Zoom:

+

-

Prev Vote

Next Vote

Prev Alternative

Next Alternative

Comments

← Back Next →

Rate: Fort Irwin Dental Clinic Addition, Alteration in terms of Functional Modernization/New Services

Scale Definition

Hide Votes

Full Screen

User	(1) Extremely Impo...	(2) Very Important	(3) Important	(4) Marginally Imp...	(5) Does Not Contri
Navy 1			✓		
Navy 2			✓		
Army 1		✓			
Army 2	✓				
Air Force 1		✓			
Air Force 2		✓			
TMA 1			✓		
TMA 2			✓		

Average: 0.63

Priority #	Project	Overall Score
1	USAMRIID	0.885
2	USAMRICD	0.862
3	NH Gaum replacement	0.862
4	Ramstein Clinic Replacement	0.862
5	Federal Healthcare Facility	0.860
6	MacDill Clinic Replacement	0.835
7	Vicenza Women Ctr	0.831
8	Tinker Clinic Replacement	0.820
9	Spangdahlem Clinic/Dental Clinic Rpmnt	0.818
10	Lackland Dental Clinic Replacement	0.816
11	Ft Richardson	0.782
12	Ft Drum Dental Cl	0.752
13	NH Camp Pendleton replacement	0.746
14	Ft Hood Women Ctr	0.727
15	Ft Irwin Dental Cl	0.720
16	Langley Hospital Alteration	0.697
17	Fort Hood Replacement hospital	0.679
18	Ft Benning Hosp Repl	0.677
19	Ft Riley Hosp Repl	0.672
20	Peterson Dental Clinic Rpmnt	0.667
21	CHPPM	0.661
22	Scott AHCC Rpmnt	0.649
23	NEPMU - 6 replacement	0.645
24	NH Beaufort replacement	0.643
25	Naval Academy replacement	0.634
26	Osan Hospital Addition/Alteration	0.571
27	Shaw Clinic Replacement	0.561
28	NS Pearl Harbor alt/replacement	0.539
29	Boone Clinic replacement	0.536
30	Patuxent River replacement	0.502
31	NH Jacksonville alteration	0.464

“TOP 10” EXERCISE *February* 2006

- Services' submitted unconstrained Top 10 capital projects
- Based on 2 minute verbal briefs of each initiative - no tangible material or data



FEB 06 POST EXERCISE PROCESS REVIEW

Lessons Learned

- Range of reasons that drive new capital development
- The results reflect a point in time based on imperfect criteria and imperfect data
- Business planning disconnect
- Difficult to provide judgment based on oral presentations – need greater specificity/data/tangible review materials
- Some installations may have greater value than others



WHERE ARE WE IN THE PROCESS?

- Finalizing implementation guide
- Templates for concept paper and submission
- Standardized business case analysis
- Developing SMMAC approval plan

SMMAC	CIDM IPT	PPMD	Services
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How Will We Implement CIDM?

Revise criteria and scales
(05/01/2006 - 05/30/2006)

Team Workshop - Criteria adjustments, Guide Development, Timeline (06/22/2006)

Team Workshop - Criteria review/update (if needed) (07/18/2006)

Prepare Draft Capital Decision Guide (06/23/2006 - 07/29/2006)

Staff Development Guide, Concept Paper, and Investment Templates (07/30/2006 - 08/29/2006)

Receive comments and revise materials (09/28/2006 - 10/18/2006)

Present to SMMAC for approval (10/19/2006)

N
SMMAC approval (10/20/2006)
Y

Implementation Guidance Complete (10/21/2006)

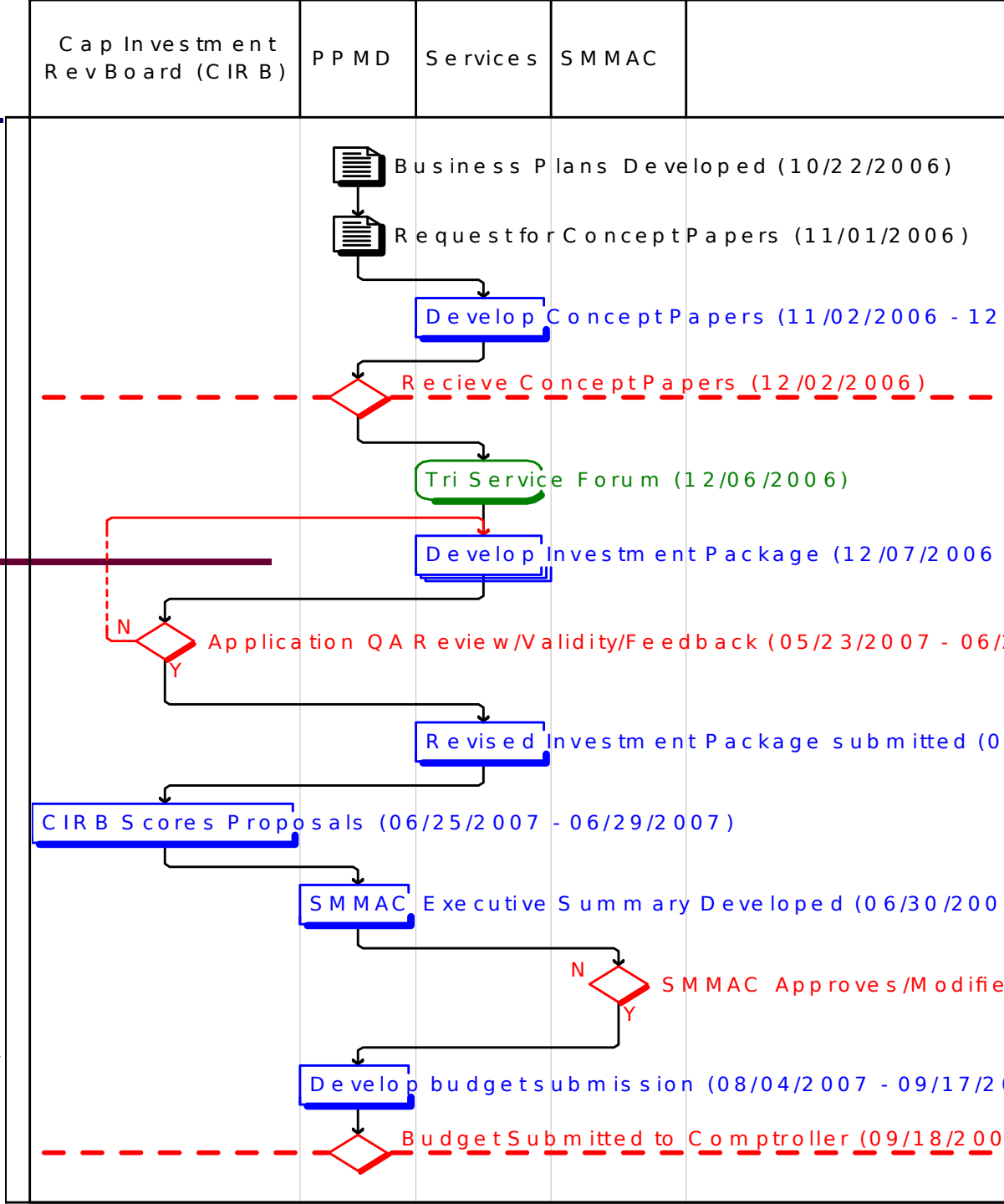
60 Day Service Review

Capital Planning Submission Process

**Approximately 12 month
For capital submission**

Capital Investment Submission Components

- 1391 Through Block 12
- HCRA or functional narrative for non-healthcare
- Departmental PFD
- Alternatives Analysis
- Business Case/EA
- Linkage to Evaluation Criteria
- Parametric Cost Estimate





SUMMARY

- A more structured systematic approach to capital investment decision-making across the MHS
- A coherent method to define priorities and select projects for recommended funding
- Consistent and programmatic ability to prioritize capital investments
- A consistent basis for selection of investments
- MHS Senior executive review of proposed investments
- Greater probability of OSD and OMB concurrence



Questions